

RESOURCES LEGACY FUND

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED
DECEMBER 31, 2021 AND 2020**

INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Resources Legacy Fund
Sacramento, California**

We have audited the accompanying financial statements of Resources Legacy Fund (the Fund) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Resources Legacy Fund as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Resources Legacy Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Resources Legacy Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Resource Legacy Fund 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Resource Legacy Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



GILBERT CPAs
Sacramento, California

April 26, 2022

RESOURCES LEGACY FUND

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 23,039,437	\$ 12,774,902
Short-term investments	23,398,591	19,188,173
Current portion of contributions receivable	11,741,500	4,518,720
Other receivables	723,050	444,262
Prepaid expenses and other assets	<u>574,625</u>	<u>176,372</u>
Total current assets	59,477,203	37,102,429
INVESTMENTS	69,990,562	71,192,083
CONTRIBUTIONS RECEIVABLE, Net	1,750,000	355,927
EQUIPMENT AND FURNITURE, Net	<u>110,415</u>	<u>179,493</u>
TOTAL ASSETS	<u>\$ 131,328,180</u>	<u>\$ 108,829,932</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 139,041	\$ 52,313
Current portion of grants and contracts payable	6,933,072	6,313,001
Accrued expenses	2,171,207	1,969,811
Deferred revenue	77,500	225,000
Current portion of deferred rent	50,038	45,504
Paycheck Protection Program loan	<u> </u>	<u>1,500,000</u>
Total current liabilities	9,370,858	10,105,629
DEFERRED RENT, Net	18,238	66,277
GRANTS AND CONTRACTS PAYABLE, Net	<u> </u>	<u>75,000</u>
Total liabilities	<u>9,389,096</u>	<u>10,246,906</u>
NET ASSETS:		
Without donor restrictions	5,923,530	4,299,590
With donor restrictions	<u>116,015,554</u>	<u>94,283,436</u>
Total net assets	<u>121,939,084</u>	<u>98,583,026</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 131,328,180</u>	<u>\$ 108,829,932</u>

The accompanying notes are an integral part of these financial statements.

RESOURCES LEGACY FUND

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	\$ 77,782,142	\$ 31,339,055
Interest and investment income	6,413,623	5,241,603
Restricted funds returned to donors	(1,285,447)	
Distribution of program funds to Parks California		(1,800,000)
Net assets released from restrictions	<u>(61,178,200)</u>	<u>(48,485,855)</u>
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>21,732,118</u>	<u>(13,705,197)</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUES:		
Contracts	1,441,201	1,589,677
Contributions	234,167	286,744
Rental Income	115,157	
Interest and investment income (loss)	(19,099)	384,335
Paycheck Protection Program loan forgiveness	1,500,000	
Net assets released from restrictions	<u>61,178,200</u>	<u>48,485,855</u>
Total revenues	<u>64,449,626</u>	<u>50,746,611</u>
EXPENSES:		
Program services:		
Conservation	59,087,560	47,773,101
Supporting services:		
General and administrative	3,357,073	2,849,080
Fundraising	<u>381,053</u>	<u>250,523</u>
Total supporting services	<u>3,738,126</u>	<u>3,099,603</u>
Total expenses	<u>62,825,686</u>	<u>50,872,704</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>1,623,940</u>	<u>(126,093)</u>
INCREASE (DECREASE) IN NET ASSETS	23,356,058	(13,831,290)
NET ASSETS, Beginning of year	<u>98,583,026</u>	<u>112,414,316</u>
NET ASSETS, End of year	<u>\$ 121,939,084</u>	<u>\$ 98,583,026</u>

The accompanying notes are an integral part of these financial statements.

RESOURCES LEGACY FUND

STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2021 AND 2020

2021				
	Conservation program	General and administrative	Fundraising	Total
Grants and contracts	\$ 44,513,112			\$ 44,513,112
Salaries and benefits	13,401,124	\$ 2,157,890	\$ 308,196	15,867,210
Professional services	135,679	641,748		777,427
Facilities	356,636	202,969	46,229	605,834
IT and website	247,947	152,501	12,380	412,828
Office supplies and expenses	213,011	53,471	8,242	274,724
Business insurance	1,706	109,754		111,460
Travel	99,963	3,023	3,185	106,171
Depreciation expense	63,275	27,928	2,821	94,024
Conferences and meetings	55,107	7,789		62,896
Total	\$ 59,087,560	\$ 3,357,073	\$ 381,053	\$ 62,825,686

2020				
	Conservation program	General and administrative	Fundraising	Total
Grants and contracts	\$ 34,608,651			\$ 34,608,651
Salaries and benefits	11,652,028	\$ 2,221,758	\$ 206,401	14,080,187
Professional services	187,505	137,947		325,452
Facilities	567,221	151,135	22,213	740,569
IT and website	301,217	127,138	13,248	441,603
Office supplies and expenses	116,507	65,689	5,635	187,831
Business insurance	19,536	102,679		122,215
Travel	181,375	9,255	267	190,897
Depreciation expense	62,145	27,065	2,759	91,969
Conferences and meetings	76,916	6,414		83,330
Total	\$ 47,773,101	\$ 2,849,080	\$ 250,523	\$ 50,872,704

The accompanying notes are an integral part of these financial statements.

RESOURCES LEGACY FUND

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 23,356,058	\$ (13,831,290)
Reconciliation to net cash provided by operating activities:		
Depreciation	94,024	91,969
Net realized and unrealized gain on investments	(5,263,072)	(3,918,179)
Receipt of donated investments	(9,167,362)	(200,365)
Forgiveness of Paycheck Protection Program loan	(1,500,000)	
Changes in:		
Contributions receivable	(8,616,853)	5,234,227
Other receivables	(278,788)	(25,172)
Prepaid expenses and other assets	(398,253)	224,241
Accounts payable	86,728	(47,621)
Grants and contracts payable	545,071	821,948
Accrued expenses	201,396	424,745
Deferred revenue	(147,500)	225,000
Deferred rent	(43,505)	(33,718)
Net cash used by operating activities	<u>(1,132,056)</u>	<u>(11,034,215)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(24,946)	
Purchases of investments	(56,672,334)	(67,170,298)
Proceeds from sales and maturity of investments	68,093,871	77,332,508
Net cash provided by investing activities	<u>11,396,591</u>	<u>10,162,210</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan		<u>1,500,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,264,535	627,995
CASH AND CASH EQUIVALENTS, Beginning of year	<u>12,774,902</u>	<u>12,146,907</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 23,039,437</u>	<u>\$ 12,774,902</u>

The accompanying notes are an integral part of these financial statements.

RESOURCES LEGACY FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Resources Legacy Fund (the Fund) builds alliances that advance bold solutions to secure a just and resilient world for people and nature. We are an independent, nonprofit organization that partners with leaders in philanthropy, communities, government, science, and business to promote smart policies and secure equitable public funding for the environment, climate change resilience, and healthy communities. Across the American West and internationally, we manage large, multi-year grantmaking programs and fiscally sponsor projects that advance enduring outcomes.

Basis of presentation – The financial statements are presented in conformity with professional standards applicable to not-for-profit entities. The Fund reports information regarding its position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of management.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires (generally, as payments are made to fulfill the purposes of the contribution), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Fund has no donor-imposed restrictions that are perpetual in nature.

Revenue recognition – Contributions, including grants and contracts obtained from private foundations, other nonprofit organizations, and individual donors, are recognized in full when received or unconditionally promised, in accordance with professional standards. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Refer to Note 5 for information regarding the Fund's unrecognized conditional promises to give. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire, or the contributions are used for the restricted purpose.

The Fund's revenue from contracts with customers consists of agreements entered into where each party receives commensurate value. Revenue is recognized as the Fund satisfies various performance obligations outlined in the agreements. Payment terms are outlined in the agreements and vary based on the objectives and structure of the contracts. For the years ended December 31, 2021 and 2020, all revenue from contracts were recognized at the point in time in which the required performance obligations were met.

Funds received in advance of being earned are recorded as deferred revenue, which represents a contract liability. When the Fund satisfies a performance obligation and becomes entitled to payment, a receivable is recorded.

RESOURCES LEGACY FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

The balances from contracts with customers are as follows as of December 31:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Accounts receivable	\$ 367,961	\$ 405,101	\$ 398,570
Contract liabilities:			
Deferred revenue	\$ 77,500	\$ 225,000	\$

Cash and cash equivalents – For financial statement purposes, the Fund considers all investments with a maturity at purchase of three months or less to be cash equivalents.

Investments are stated at fair value. Changes in fair value and realized gains and losses are included in investment income.

Equipment and furniture – are stated at cost and depreciated using the straight-line method over estimated useful lives of three to ten years. The Fund’s policy is to capitalize such items with a cost of \$5,000 or more. Accumulated depreciation totaled \$478,205 and \$384,181 at December 31, 2021 and 2020, respectively.

Functional allocation of expenses – The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, facilities, IT and website, office supplies and expenses, and depreciation. Salaries and benefits are allocated based on time and effort studies. All other expenses are allocated based on the proportion of the number of program or supporting function employees benefiting from the expenses per month. The Fund accounts for its expenditures in the following categories:

Conservation – Expenditures are related to a broad range of activities necessary to accomplish the Fund’s programs related to land, marine, and water resources conservation; climate changes, healthy communities, and social equity. These include retaining a range of specialists to develop strategies; carry out policy, education, and communications activities; perform scientific research; and restore and monitor land and ocean resources. These also include granting to nonprofit entities to carry out strategic planning, land acquisition, restoration and stewardship, capacity building, outreach, education, communications, policy, and other program activities.

General and administrative – Expenditures are related to building and maintaining an efficient business infrastructure, including oversight, business and financial management, governance, general recordkeeping, budgeting, and all management and administration, except for that which is related to fundraising or is directly attributable to the conduct of conservation program services.

Fundraising – Expenditures are related to time spent on developing new programs, preparing proposals and soliciting contributions.

Grants awarded – The Fund recognizes grant expense at the time grant negotiations are substantially complete with the grantee and the grant award has been approved by executive management or the Board of Directors. Grants that have been determined to be conditional, which depend on the occurrence of specified uncertain events, are not recorded until the conditions have been met. The

RESOURCES LEGACY FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Fund has outstanding conditional grants of approximately \$9,067,000 and \$15,000,000 for the purchase of land acquisitions and funding the Climate Power programs, respectively, at December 31, 2021. Grant expense will be recognized as the conditions are met.

Contracts awarded – The Fund contracts with consultants that provide a variety of services to the Fund’s programs. These contracts are considered exchange transactions as the Fund receives commensurate value for the services provided. The Fund recognizes contract expenses as services or work is performed or expected to be performed.

Income taxes – Resources Legacy Fund, a publicly supported organization, is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Future accounting pronouncement – In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The new accounting standard requires lessees to recognize a lease liability measured on a discounted basis and a right-of-use asset for all leases with terms longer than 12 months. Application of this statement is effective for the year ending December 31, 2022. The Fund is currently evaluating the impact this pronouncement will have on the financial statements.

Subsequent events – have been evaluated through April 26, 2022, the date the financial statements were issued. Management concluded that no material subsequent events have occurred since December 31, 2021, that require recognition or disclosure in the financial statements.

Reclassification – Certain 2020 amounts have been reclassified to conform with the 2021 financial statement presentation.

Fair value measurements – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Unobservable inputs for the assets or liabilities.

RESOURCES LEGACY FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Fund's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 23,039,437	\$ 12,774,902
Investments	93,389,153	90,380,256
Contributions receivable	13,491,500	4,874,647
Other receivables	<u>723,050</u>	<u>444,262</u>
Total financial assets	130,643,140	108,474,067
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose or time restrictions	(116,015,554)	(94,283,436)
Board-designated funds	<u>(5,923,530)</u>	<u>(4,299,590)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 8,704,056</u>	<u>\$ 9,891,041</u>

The Fund is substantially supported by restricted contributions. Because donor's restriction requires resources to be used in a particular manner or in a future period, the Fund must maintain sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditure within one year. All of the Fund's investments are highly liquid or may be redeemed either at a future specified redemption dates or currently by incurring a penalty. In addition, the Fund invests cash in excess of daily requirements in short-term investments.

As part of the Fund's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. All board-designated funds can be made available to meet operating needs if necessary.

3. INVESTMENTS

The Fund's mutual funds and exchange traded funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets for identical assets. Corporate bonds, municipal bonds, and government securities are classified within Level 2 of the fair value hierarchy because they are valued using alternative pricing methods using observable inputs, such as current interest rates. Investments consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Mutual funds – fixed income	\$ 32,933,700	\$ 33,991,483
Mutual funds – equity	21,106,034	19,691,523
Corporate bonds	18,193,537	5,640,723
Municipal bonds	7,966,345	8,142,546
Exchange traded funds	6,769,418	8,188,927
Government asset backed debt securities	<u>6,420,119</u>	<u>14,725,054</u>
Total	<u>\$ 93,389,153</u>	<u>\$ 90,380,256</u>

RESOURCES LEGACY FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

4. CONTRIBUTIONS RECEIVABLE

Contributions are due to be collected as follows:

	<u>2021</u>	<u>2020</u>
Within one year	\$ 11,741,500	\$ 4,518,720
In one to two years	1,300,000	355,927
Two to three years	<u>450,000</u>	<u> </u>
Total	<u>\$ 13,491,500</u>	<u>\$ 4,874,647</u>

5. CONDITIONAL PROMISES TO GIVE

During 2018, the Fund received a \$2,749,534 conditional grant and met program initiatives and milestones required to recognize \$1,126,121 and \$820,825 in revenue in 2021 and 2020, respectively, fully recognizing this grant's revenue. During 2021, the Fund received conditional grants totaling \$5,924,918 and met program initiatives and milestones required to recognize \$2,706,973. The remaining \$3,217,945 has not been recognized as revenue in the financial statements as of December 31, 2021. No other conditional promises to give were received in the year ended December 31, 2021.

6. PAYCHECK PROTECTION PROGRAM LOAN

On April 27, 2020, the Fund received a Paycheck Protection Program (PPP) loan under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act totaling \$1,500,000. Under the CARES Act, a portion or all of the loan and accrued interest may be forgiven provided the funds are spent on qualifying expenditures and certain other criteria regarding full-time equivalent employee and payroll levels are maintained. The PPP requires the portion of the loan that does not qualify for forgiveness or that is retained as a loan, to be repaid within 2 years at 1% interest.

The Fund received notification that its application for loan forgiveness was approved on April 26, 2021 and therefore, the loan was recognized as income in the year ended December 31, 2021.

7. NET ASSETS

Net assets without donor restrictions are designated for the following at December 31:

	<u>2021</u>	<u>2020</u>
Operating reserve	\$ 5,531,862	\$ 3,756,463
Designated for various conservation programs	<u>391,668</u>	<u>543,127</u>
Total	<u>\$ 5,923,530</u>	<u>\$ 4,299,590</u>

RESOURCES LEGACY FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Net assets with donor restrictions are restricted for the following at December 31:

	<u>2021</u>	<u>2020</u>
Open Rivers Fund	\$ 46,646,850	\$ 48,105,237
Northwest Mexico Land Conservation	14,447,354	15,165,505
Climate Power Education Fund	11,832,385	
California Conservation Innovations	6,325,163	1,872,410
Western Energy Project	5,094,616	3,386,835
California Climate Leadership Program	3,195,810	
Biological Diversity Project	2,817,474	2,102,793
Beyond Petrochemicals	2,489,031	
Wildlands Acquisition Program	2,109,258	1,887,228
Center for Western Priorities	2,029,908	1,540,869
Sustaining California's Ocean	1,891,967	2,190,615
Boreal Strategic Advisors	1,859,212	813,703
National Ocean Protection Coalition	1,730,353	846,574
Sustainable Fisheries Fund	1,299,781	
Decreasing Impacts from Roads and Travel	1,276,058	1,116,560
Fisheries Improvement Strategy	1,049,418	541,567
Ocean Defense Initiative	971,739	1,081,563
Bears Ears Inter-Tribal Coalition	879,137	1,076,720
Bay Area Conservation Initiative	871,970	1,240,468
California 30x30 Program	793,275	
California Coastal Program	656,496	1,054,752
Program Expansion Fund	616,954	1,135,425
San Francisco Baylands Restoration	607,190	801,944
Wildfire Strategies	574,087	763,921
Public Land Stewardship	572,155	358,006
Canada and Mexico Protected Area Fund	543,031	212,973
Western Communications Hub	541,270	717,912
Land-Sea Connection	499,705	371,783
Campaign For Nature Communications	465,221	171,938
Hawaii Marine Planning	277,993	332,067
Coalition to Expand Contraceptive Access		2,541,964
Student Borrower Protection Center		600,790
Litigation Clearinghouse		301,930
Parks Forward Initiative Implementation	124,019	258,631
Other land and resource conservation programs	976,676	1,690,753
Total	<u>\$ 116,015,554</u>	<u>\$ 94,283,436</u>

RESOURCES LEGACY FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

8. LEASE COMMITMENTS

The Fund leases certain office space and equipment under non-cancelable operating lease agreements which expire through 2023. The Fund has an operating lease for office space, which is held with Resources Law Group (RLG) whose partner was the president of the Fund during 2021 and 2020. Effective July 1, 2021, the Fund assumed the office operating lease and subleases office space to RLG. Rental expense was \$706,180 and \$784,028 for the years ended December 31, 2021 and 2020, respectively. Future minimum lease payments are as follows:

<u>Year ending December 31:</u>	
2022	\$ 746,768
2023	<u>164,797</u>
Total	<u>\$ 911,565</u>

The Fund subleases office space under non-cancelable operating lease agreements which expire through 2023. Future minimum lease payment receipts are as follows:

<u>Year ending December 31:</u>	
2022	\$ 179,066
2023	<u>45,053</u>
Total	<u>\$ 224,119</u>

9. CONCENTRATIONS

The Fund minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. The Fund's deposits held with financial institutions in excess of federal depository insurance limits were \$23,619,442 and \$12,903,562 as of December 31, 2021 and 2020, respectively. The Fund has not experienced any losses in such accounts and management believes the Fund is not exposed to any significant credit risk related to cash.

The Fund had four major donors that accounted for 45% of total contributions in 2021 and four major donors that accounted for 49% of total contribution revenues in 2020.

10. RETIREMENT PLAN

For the year ended December 31, 2020, the Fund sponsored a 403(b) retirement plan under which the Fund made safe harbor matching contribution and discretionary contributions. Effective January 1, 2021, the Fund terminated their 403(b) retirement plan and adopted a 401(k) retirement plan. Under the plan, employees may participate beginning on the first day of the month following employment. Employees are 100% vested in safe harbor contributions and vest in 50% increments per year, over two years, in all other employer contributions. For 2021 and 2020, the Fund made safe harbor matching contributions of 100% of the first 5% of eligible compensation. The Fund also elected to make a 3% discretionary contribution of eligible compensation. Contributions made to the plan totaled \$876,578 and \$782,805 for 2021 and 2020, respectively.

RESOURCES LEGACY FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

11. RELATED PARTY

The president of the Fund during 2021 and 2020 was also the president of Fund for a Better Future, Inc. (FBF), Shared Ascent Fund (SAF), and a partner at Resources Law Group (RLG). The Fund has an agreement with FBF, SAF, and RLG to share resources of staff, office services, and technology resources. Additionally, the Fund subleases office space to RLG and pays monthly rent to the landlord based on a proportionate share of space. The Fund received the following reimbursements for shared services for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Fund for a Better Future, Inc.	\$ 2,168,857	\$ 195,523
Shared Ascent Fund	154,009	98,078
Resources Law Group	<u>140,800</u>	<u>185,577</u>
Total	<u>\$ 2,463,666</u>	<u>\$ 479,178</u>

The Fund had the following due (to) from balances from related parties which are included in other receivables in the statements of financial position as of December 31:

	<u>2021</u>	<u>2020</u>
Fund for a Better Future, Inc.	\$ 348,220	\$ 20,366
Shared Ascent Fund	22,184	14,268
Resources Law Group	<u>(15,315)</u>	<u>4,527</u>
Total	<u>\$ 355,089</u>	<u>\$ 39,161</u>

The Fund did not contribute any funds to FBF or SAF in 2021 or 2020. At December 31, 2021, the Fund had an outstanding conditional grant to FBF for the Climate Power programs in the amount of \$15,000,000.

12. TRANSFER TO PARKS CALIFORNIA

In January 2020, Parks California, a fiscally sponsored program of the Fund, became an independent organization and the Fund entered into a Transfer and Assignment Agreement (Agreement) with Parks California. Under the Agreement, the Fund transferred to Parks California during 2020 all of the assets associated with the program, including cash of \$1,800,000 which resulted in a net distribution of unspent restricted program funds. The Agreement also assigned to Parks California all intangible intellectual property and ownership rights to assignable work product created under any agreements entered into by the Fund on behalf of Parks California during the term of the fiscal sponsorship.